

REVENUE DEPARTMENT[701]

Amended Notice of Intended Action

**Providing for a public hearing on rule making related to
sales and use tax for commercial fertilizer**

The Notice of Intended Action published in the Iowa Administrative Bulletin on July 18, 2018, as **ARC 3886C**, proposes to amend Chapter 17, “Exempt Sales,” Chapter 18, “Taxable and Exempt Sales Determined by Method of Transaction or Usage,” and Chapter 226, “Agricultural Rules,” Iowa Administrative Code. In order to receive oral comments concerning **ARC 3886C**, the Revenue Department hereby gives notice that, if requested, a public hearing will be held as follows:

October 9, 2018
1 to 2 p.m.

Room 430, Fourth Floor
Hoover State Office Building
Des Moines, Iowa

Persons who wish to make oral comments at the public hearing may be asked to state their names for the record and to confine their remarks to the subject of this proposed rule making.

Any persons who intend to attend the public hearing and have special requirements, such as those related to hearing or mobility impairments, should contact the Department and advise of specific needs.

Legal Authority for Rule Making

This rule making is proposed under the authority provided in Iowa Code section 421.17.

State or Federal Law Implemented

This rule making implements, in whole or in part, Iowa Code section 423.3.

Purpose and Summary

This Amended Notice of Intended Action provides a public hearing to receive oral and written comment on the originally submitted Notice, **ARC 3886C**, the details of which are described below.

The Department received a petition for rule making on April 16, 2018, pursuant to Iowa Code section 17A.7 and rule 701—7.29(17A). The petitioner requested a change to rule 701—17.4(422,423) regarding an exemption from sales and use tax for sales of commercial fertilizer. The petition satisfied the requirements set forth in Iowa Code section 17A.7 and rule 701—7.29(17A). Upon review of the rule at issue, the Department agrees that a change to its rules regarding the sale of commercial fertilizer is needed.

Rule 701—17.4(422,423) is intended to implement Iowa Code section 422.42(3), which is now repealed. The legislature amended the sales and use tax provisions of the Iowa Code, including section 422.42, in 2003 to conform to the Streamlined Sales and Use Tax Agreement (Streamlined). Subsequently, the Department adopted new rules to reflect the changes brought about by the State’s participation in Streamlined. Included in those new rules is rule 701—226.6(423), Commercial fertilizer and agricultural limestone, which is very similar to rule 701—17.4(422,423). The Department did not rescind or otherwise amend the pre-Streamlined rules at that time.

After considering the petitioner’s suggestion to amend rule 701—17.4(422,423), the Department has concluded that rescinding rule 701—17.4(422,423) and amending rule 701—226.6(423) as proposed in **ARC 3886C** is appropriate to provide accuracy in and clarity to the Department’s rules.

The Department also proposes to amend subrule 18.57(1) to update a cross reference to rule 701—17.4(422,423).

Fiscal Impact, Jobs Impact, Waivers

Statements related to the fiscal impact, jobs impact, and waiver of this rule making may be found in the preamble of **ARC 3886C**.

Review by Administrative Rules Review Committee

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rule making by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rule making at its [regular monthly meeting](#) or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).